

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5006-03
Bill No.: HCS for SB 945
Subject: Mental Health Dept.; Courts
Type: Original
Date: May 11, 2010

Bill Summary: Modifies provisions relating to court actions by the Department of Mental Health.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Mental Health, Department of Natural Resources, Missouri Department of Conservation, and Parkway School District** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Elementary and Secondary Education (DES)** state the language in Section 137.073 appears to have no impact on the school foundation formula. There may be some impact on local property taxes received by school districts; however, the DES cannot estimate any such impact.

Oversight is not able to determine whether the provisions in this proposal would result in any increase or decrease in a local government tax rate, and will indicate a fiscal impact from unknown positive to unknown negative for local governments.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state the proposal should not result in additional costs to the BAP.

§§32.069 & 143.811

This proposal requires the Department of Revenue to refund tax overpayments within 90 days, instead of four months. This proposal will have no impact on total state revenues, but may result in cash flow issues if resources are insufficient to pay refunds within the specified time frame.

The Department of Revenue should provide the estimate of possible increased costs to General Revenue as a result of the reduced time frame before interest is paid on overpayments of tax from four months to 90 days.

ASSUMPTION (continued)

§137.073

This section changes the calculation of local property taxes. This should not impact total state revenue or 18(e).

§§137.180 & 137.555

These sections do not impact total state revenue or 18(e).

§138.431

The proposed legislation should not result in additional costs or savings to the BAP.

§144.080

This section changes how sales tax is stated on receipts. The Department of Revenue should provide the estimate of any estimated impacts.

§630.220

This section will have no impact on the BAP.

Section 1

This section prohibits the use of GPS technology for taxation related to vehicles. This proposal will have no impact on general and total state revenues.

Officials from the **Office of State Auditor (SAU)** state it is estimated the proposal will add substantial additional duties and required the SAU to hire two (2) additional FTE at the Staff Auditor I level in the Tax Rate Section. The tax rate form would need to be revised, taxing authorities would have to be educated on the required changes and there would be an increase in call volume to assist taxing authorities with implementing this change.

The SAU estimates FY 11 costs of \$103,922; FY 12 costs of \$126,361; and FY 13 costs of \$130,153.

Oversight notes that the provisions regarding the tax rate levy limit would apply only to a local government which has received voter approval for a tax increase after August 27, 2008. The provisions which would require the use of a blended tax rate in a property tax limit calculation

ASSUMPTION (continued)

would apply only to taxing authorities that use separate rates for each subclass of taxable property. Currently, only taxing authorities in St. Louis County use separate tax rates.

Accordingly, **Oversight** assumes this proposal could potentially change the tax limit calculation for a limited number of taxing authorities and that SAU could absorb the additional responsibilities with existing resources. If unanticipated additional effort is incurred or if multiple proposals are implemented which increase the SAU workload, resources could be requested through the budget process.

Officials from the **Department of Revenue** (DOR) assume this proposal would require their organization to pay interest on personal income tax overpayments if refunds are not made within 90 days, instead of 120 days as allowed by current provisions.

This would create a negative impact on Total State Revenue. In a normal processing year, when DOR is fully staffed, DOR would expect these provisions to have a negative impact of \$294,130. However, in a calendar year like 2009, in which DOR had a reduction in staff, DOR officials estimated a negative impact of \$315,416 for these provisions.

DOR provided an estimate of the fiscal impact for these provisions including two additional employees and related benefits, equipment, and expense totaling \$79,301 for FY 2011, \$84,162 for FY 2012, and \$86,689 for FY 2013.

Oversight notes that the DOR estimate of cost included two additional employees as well as the DOR estimate of additional interest paid on late refund payments. Oversight will indicate a revenue reduction of more than \$100,000 per year for this proposal beginning with FY 2011. Oversight assumes that a full year impact would be incurred in FY 2011 since the proposal includes an emergency clause. The proposal would become effective on approval by the General Assembly and the Governor, and refunds in FY 2011 would be subject to the new provisions.

DOR officials stated that their organization and OA-ITSD (DOR) would need to make programming changes to the Corporation Income Tax System (COINS), the Corporate and Franchise (Tax) Entry System (CAFÉ), the Case Audit Management System (CAMS), the Withholding System (DWIT) and the individual income tax system (MINITS).

DOR officials estimated that the IT portion of the fiscal impact to implement the proposal would be \$4,452 based on 168 programming hours for modifications to the department's tax systems.

ASSUMPTION (continued)

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

In response to an earlier version of this proposal, officials from the **Office of State Treasurer** assumed the proposal would have no fiscal impact on their organization.

In response to similar legislation, officials from the **Department of Revenue (DOR) - State Tax Commission (TAX)** stated section 138.431.2.(1) requires the TAX to assign a new hearing officer to an appeal if the party files a timely application with the Commission to disqualify the hearing officer originally assigned to the appeal. Currently the TAX has only three (3) hearing officers to handle the thousands of appeals filed each year with the Commission. This additional hearing officer will become a part of the staff to assist in the rotation of hearing officers who will be responsible for traveling around the state to hear appeals. The TAX estimates FY 11 costs of \$70,412; FY 12 costs of \$85,233; and FY 13 costs of \$87,789.

Oversight assumes there would be a limited number of hearings where one of the parties would request the disqualification of a hearing officer and that TAX could implement this provision with existing resources. If unanticipated costs are incurred or if multiple proposals are incurred which increase then TAX could request resources through the budget process.

No other officials from **Cities, Counties, or Schools** responded to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011	FY 2012	FY 2013
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GENERAL REVENUE FUND

Loss - DOR

Additional interest on refunds	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2011</u> <u>(10 Mo.)</u>	<u>FY 2012</u>	<u>FY 2013</u>
LOCAL GOVERNMENTS			
<u>Revised tax rate limit calculation</u>	<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>	<u>Unknown to</u> <u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

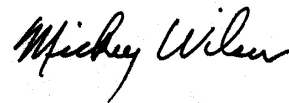
This proposal would reduce the time period before interest is paid on tax refunds.

The proposed legislation would change the method of calculation for revising tax levy rates, and would require the use of a blended tax rate computation for certain local governments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Office of Administration -
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Mental Health
Department of Natural Resources
Department of Revenue -
 Division of Taxation
 State Tax Commission
Missouri Department of Conservation
Office of State Auditor
Office of Secretary of State
Office of State Treasurer
Parkway School District



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Director
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